The Community Builders, Inc.

95 Berkeley Street, 5th Floor
Boston, MA 02116-6240
617 695-9595
main fax 617 695-9805
www.tcbinc.org

Testimony of Patrick E. Clancy
President & Chief Executive Officer
The Community Builders, Inc.

before the

House Government Reform Subcommittee on Federalism
and the Census on

Public Housing in the Competitive Market Place: Do Affordable and Public Housing Developments Benefit from Private Market and Other Financing Tools?

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Good morning.

My name is Pat Clancy. I lead an organization that has been building affordable housing and transforming neighborhoods for over 40 years. I am proud to say The Community Builders has produced over 20,000 units of affordable and mixed-income housing in cities across the Northeast, MidAtlantic and Midwest. Over the years, we have worked with nearly every HUD program and the full spectrum of tax incentives put in place to spur urban revitalization. We have been a consistent innovator in real estate finance, and a partner with HUD and Congress in shaping new initiatives to confront the challenges of our cities.

I welcome the opportunity to come before you today. Community development today is at a crossroads. Cities are rebounding, retailers are rediscovering the purchasing power in urban markets, and developable land is increasingly scarce. Cities are now faced with solving difficult development challenges, rezoning former industrial areas, remediating brownfields, and undoing the harm caused by poor public housing siting, design, and management policies. Housing authorities, their land, capital, and operating resources are increasingly being re-integrated into the larger system of urban development through innovative public/private partnerships and mixed-finance transactions. A new generation of housing programs and strategies is required to address current challenges, stimulate urban economies, unlock real estate value, and generate tax revenues to support vital public investments and public services.

As this Committee has heard, the HOPE VI program has over the past decade proven remarkably successful in removing the most glaring failures of public housing and spurring dramatic revitalization in areas long thought to be some of the worst pockets of intractable poverty in America. Community Builders has been involved in 16 of these projects across the country, in diverse locales and markets ranging from Louisville, Kentucky to Cincinnati, Ohio to Chicago, Illinois, to Norfolk, Virginia. We have also been partners with HUD and local housing agencies in numerous other efforts to transform public housing outside the HOPE VI context and to preserve assisted housing resources at risk of loss.

Let me start by stating a key value proposition: The value of this housing investment lies in changed lives and changed neighborhoods, not simply new housing. As the community development field has evolved, change agents such as Community Builders have increasingly come to take a holistic view of neighborhoods and markets, and to propose comprehensive neighborhood revitalization strategies, what we call CNR, rather than the small-scale rehabilitation or new construction of a building here and a building there. While laudable for providing a few units of affordable housing, or addressing discrete instances of urban blight, piecemeal development does not trigger real change in the economics of an urban marketplace or in the lives of families. In our view, public investment and public/private development activity must operate on a scale sufficient to reposition a neighborhood in its regional market and stimulate broader economic activity in a neighborhood. Bold investment strategies should aim to rejuvenate the engine of value creation and economic progress that was made dormant by changing economic circumstances and housing policies that produced extreme physical and social isolation of very poor families in public and assisted housing.

Despite the economic prosperity of the 1990s, enclaves of concentrated poverty continue to plague urban neighborhoods. Often dominated by large, distressed housing complexes, these neighborhoods struggle with high unemployment, drugs, crime, failing schools, disinvestment, and limited economic opportunities.

Resources typically available for community development projects - such as federal HOME, CDBG, Low Income Housing Tax Credits, and City and State Capital funds - have fallen short in addressing concentrated poverty. Prior to the HOPE VI program, the ability to mount large-scale redevelopment initiatives capable of transforming these neighborhoods was a critical missing element in our urban policy.

HOPE VI has provided the resources to make meaningful change possible. Comprehensive neighborhood planning and large-scale housing developments replace blight with attractive new mixed-income housing assets, spurring further investment in housing, retail/commercial amenities, and community facilities. More and more leaders in our cities have seen the potential to adopt bolder visions, moving beyond physical redevelopment to:

- Engage employers, workforce development service providers, local school administrators, youth development organizations, and family support providers in developing an integrated service delivery system at the neighborhood level;
- Make systemic change in neighborhood service delivery - with an outcomes orientation, use of proven program models, and consistent performance measurement; and
- Enable community building, with growing capacity for effective advocacy to protect neighborhood gains and advance plans for continued improvement.

By now the ingredients behind the success of HOPE VI are well-known:

- Scale sufficient to change neighborhood markets
- Leveraging private sector capital and development capacity
- High quality design, construction and amenities
- Comprehensive intervention across sectors
- Careful attention to both physical development and human development (jobs, schools, quality after-school programs, etc.)

We have focused much of our energies on insuring that these redevelopment efforts reach these broader goals. In the Appendix to this testimony, I describe the fruits of those labors as we see them unfolding in our work in Louisville, Kentucky and Chicago, Illinois – two examples of broad and comprehensive efforts with strong local leadership and support.

Bearing in mind the lessons of HOPE VI, I offer the following recommendations for your consideration:

I. Make a larger share of public housing capital funding available on a competitive basis rather than by formula.

In recent years, total capital funding for public housing has been reduced from approximately $3B a year to approximately $2.6B a year. This reduction has been focused almost exclusively on the HOPE VI program – the only part of public housing capital funding that is competitively allocated according to criteria that encourage leverage, public/private partnerships and more comprehensive efforts. There is a well staffed capacity in the Public and Indian Housing section of HUD that is still utilized to process annual competitive allocations – just for much smaller amounts of money. If Congress wants housing authorities to use more of their capital funding in more leveraged and comprehensive efforts – as I am urging - it should make a higher proportion of that funding available competitively. Maximum award amounts in HOPE VI should also be increased back to the original $50M from the recently reduced $20M maximum to expand the range and scope of feasible projects.

II. Reward leverage and comprehensive approaches in competitive allocations.

The HOPE VI administrative process has been developed to score applications according to a broad set of criteria that reward more leveraged and comprehensive efforts. However, there would be considerable value in embracing leverage and comprehensiveness in a legislative framework that sets broader parameters for large-scale efforts, thereby stimulating HUD as well as local authorities and their partners to reach beyond the real estate to the broader impacts critical to the neighborhoods and to peoples' lives. Senator Mikulski's proposed reauthorization bill requiring partnerships with local schools is an example of this approach.

III. Recognize you get what you pay for.

One feature of the HOPE VI program in earlier years was allocation of initial planning grants in amounts ranging up to $250,000 to enable authorities to put a development team together and do a thoughtful plan for a comprehensive revitalization effort before formally submitting for competitive funding. This process recognized the significant upfront investment needed to appropriately design these comprehensive efforts and should be reinstituted.

More comprehensive efforts take time: to bring a wider set of stakeholders together, to get a coherent set of decisions made in a variety of different places, to align complex forces and additional funding resources and to implement the appropriate sequence of residential and other real estate, economic and social programs. Robust efforts should be rewarded, not penalized, as long as they make consistent progress against ambitious goals. Longer time frames should be allowed and planned for in one of two ways:

- Authorities could be allowed to draw down funds and earn money on careful interim investments, with earnings treated as program income and added to the resources of the undertaking: or
- The budgetary treatment of awards could be modified so that an award is perhaps treated like a five year grant contract rather than as a one year budgetary matter, lessening expectations for unreasonably rapid progress.

IV. Explore the next financial frontier.

As I have indicated, the value of large-scale housing investments is in changed lives and changed neighborhoods, not simply new housing. This value unleashes a tremendous economic potential in our urban neighborhoods. Yet investment in changing lives and changing neighborhoods goes beyond the housing investment and needs broader resources to be successful. We need to find ways to capture value created and harness it to make broader public investments critical to comprehensive efforts.

Let me put it in simple economic terms: you take the most distressed housing with (often) the most severe physical and social problems in a neighborhood and you transform it into vibrant new housing meeting current market standards that will be (often) the best housing in the neighborhood. Property values around this site are highly likely to increase significantly. This increase will be even more dramatic if in fact the effort is a more comprehensive one, improving educational outcomes for kids and connecting neighborhood residents to better jobs. A truly strategic approach, acquiring additional land that can support additional development and capture increased property values, is almost always beyond the reach of the available resources and attention. Utilizing early acquisitions and borrowing against future property value increases to fund investments in critical dimensions of a broader effort can create a "virtuous cycle" that enables more families to succeed and increases neighborhood values further.

We are currently working to acquire privately substantial additional property in one city for precisely these reasons. We are in the process of arranging financing through a combination of conventional bank financing and philanthropic and public support. A similar effort, more broadly focused, has recently been launched in New York City with the support of both city government and local and national foundations to support property acquisition by both for-profit and non-profit community development entities. These carefully designed acquisition loan facilities provide essential capital financing to secure land and assemble parcels in highly competitive markets, realizing opportunities for mixed-income development at scale that could easily be lost without structured interventions. Housing authorities, in partnership with other actors, could play a critical role in providing funding or credit enhancement to such loan facilities.

Another part of the future revenue stream from comprehensive efforts is increased tax revenues from properties that formerly have not generated any tax revenues. In some cities, like Chicago, tax increment financing is widely used to capitalize future tax streams to support current investments in redevelopment. Most localities, however, are not in the position to take advantage of tax increment financing, either because state enabling legislation is not in place or because they lack the technical sophistication or fiscal health to take such front-end risk. Housing authority resources could be helpful in addressing these gaps.

Both of these areas – land acquisitions and borrowing against future values and borrowing against future revenue streams from increased property tax revenues – represent a critical next frontier for funding comprehensive neighborhood revitalization efforts in urban areas. HUD should be encouraged to utilize up to 10% of its competitively allocated public housing capital to support pioneering efforts to create new vehicles to capture future value to support vital investments.

V. **Make some midcourse corrections to the HOPE VI program**.

My three specific suggestions would be:

a) Separate annual contribution contracts for units that are part of tax credit investments from other operating subsidy streams. Currently, due to the common expectation of consistent underfunding of public housing operating budgets, syndicators require that millions of dollars of investment capital be set aside in reserves in case anticipated streams of operating subsidies to mixed finance projects do not materialize. Such an event would not only impose financial hardship on projects, but could result in a wrenching, disruptive, and costly need to substantially repopulate the properties with higher income tenants if subsidies are inadequate. Separate ACCs with prescribed provisions for changes to annual allocation amounts for increased expenses and with recognition from Congress of the investor reliance on these contracts would, I believe, enable the marketplace to reduce reserve requirements and, therefore, make tax credit equity investments significantly more efficient.

b) Create incentives for increasing tenant rent payments from public housing units in mixed finance developments and neutralize housing authorities from the impact of those incentives. Currently, successful efforts to increase tenant incomes and tenant rent payments in revitalization efforts result in a reduction in overall operating subsidy funds flowing from HUD to the housing authority. Housing authorities therefore have no choice but to insure that subsidies are reduced to the unit that generates the additional income. It's critical to create an incentive structure in mixed income developments that supports investing in the earning potential of low income families and enables additional revenues from rising incomes to support further investments in family supports, employment success, and asset building.

c) Make breakthroughs and efficiencies in the highly cumbersome processing of individual components of large public housing revitalization efforts. Most of these efforts have four or five or six phases. Each phase ends up going through a time-consuming and cumbersome process with HUD staff. This process will become even more difficult as competitive allocations expand.

   HUD has attempted to expedite processing beyond first phases by allowing, in certain cases, the same documents to be used and modifications to be reviewed on an expedited basis. While a good idea, this approach has not worked terribly well in practice. Expedited processing should be taken to another level: I would propose that beyond the first phase of a revitalization effort compliance with program requirements be audited on a post closing basis. That is, housing authorities and developers would be able to proceed with closing on subsequent phases, honoring the same framework establishing with HUD in their initial phase documentation, with HUD compliance review of later phase documents after the transaction has closed. Such an innovation would cut transaction time and cost significantly. It would take significant work on HUD's part to put such a change in place and it would need Congressional impetus to take it on - but the savings for everyone involved would be tremendous.

Before closing, I'd like to make one point that reaches beyond the public housing arena directly. As a leading non-profit developer and owner/operator of mixed income housing, we worked extensively with the administration and Congress in creating a mixed finance program for public housing and have utilized it in 20 locations. We have played an active and pioneering role in these transactions because we saw the great potential to undertake real community building. The incredibly positive results speak for themselves and the approach has been widely embraced.

We also advocated for a similar approach to distressed Section 8 properties – privately-owned properties receiving Section 8 project-based assistance but in need of similarly comprehensive revitalization, often including their demolition and replacement with new mixed income housing. At one point, when HUD was asked before Congress about its opposition to our efforts to undertake path-breaking assisted housing preservation projects in Indianapolis and Pittsburgh, HUD Secretary Martinez characterized the effort as trying to "put a HOPE VI spin on Section 8."

I am pleased to report that the transfer of project based assistance from an obsolete development to another development is now possible, authorized under Section 318 of the FY'06 HUD Appropriations Bill. As a result, we now have a vital new tool to implement creative HOPE VI-style strategies to preserve affordable housing assets that are in private hands. This tool has an initial life that only extends to September 30, 2007 and we are busily working with HUD to seek to make it a tool that will be effectively utilized. While the tool does allow for the operating subsidy available through Section 8 to be transferred, and often times those rent levels can support some debt, it does not include a capital source that can facilitate the kind of redevelopment often necessary. Congress could substantially advance the use of Section 318 to support comprehensive neighborhood revitalization anchored by distressed assisted housing redevelopment, and achieve HOPE VI-like neighborhood transformations, by enabling local housing authorities to use their capital resources and take oversight of the project based Section 8 contracts in connection with these efforts.

I'd like to close on a personal note. I have spent my working life, the last 35 years, in this work and with this organization caring about our cities and trying to support those in need in them in the best way I know how. Policy and funding issues critical to our success rarely get the airing they deserve in Washington DC. I want to say I deeply appreciate the interest that this subcommittee has shown – and particularly the leadership of Chairman Turner. I hope your interest in these matters will continue and I thank you for the opportunity to talk with you today.

Appendix

Park DuValle HOPE VI, Louisville, Kentucky

The Park DuValle HOPE VI project in Louisville, Kentucky, built on and around the site of the former Cotter and Lang public housing project, is recognized as one of the most successful HOPE VI projects. Community Builders was the developer of all but the first rental phase. A case study by Mindy Turbov and Valerie Piper for the Brookings Institution Center on Urban and Metropolitan Policy found the following:

> Originally envisioned as the basic modernization of 1,116 units of dilapidated public housing, Louisville's Park DuValle redevelopment has instead created a new urban community of renters and homeowners with a wide range of incomes. Based on new urbanist principles, Park DuValle's design and layout has dramatically changed the physical landscape of Louisville's West End. The development also represents a dramatic shift in how Louisville provides public housing: embracing private construction, management, and ownership; promoting the inclusion of public housing rental units within market-rate rental and homeownership units; and providing the amenities and public services that low-income households need and middle-income households expect. The Park DuValle redevelopment's success is shown not only by the changes in the public housing provided at the site but also by the revitalization it has engendered in the surrounding neighborhood.
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> Some illustrative statistics:
> Rents at Park DuValle, formerly one the worst areas in the city, are now only about 5% lower than competitive regional development and 2003 housing prices for three-bedroom, two-bath houses range from \$78,217 to \$244,429.
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> Within the development area, census data reflects these changes. Household median income nearly tripled to an average of \$22,701 in 2000 (all income figures used in this case study are trended to 2002 dollars). The poverty rate fell nearly 50 percentage points to 28.5 percent. The neighborhood workforce participation rate was up, and its unemployment rate dropped to 7.2 percent—a rate lower than the city's rate of 7.4 percent. Crime also fell dramatically—from an average overall crime report rate of 541 a year from 1990 to 1996 to an average of 64 a year from 1997 to 2002.
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> All of the major public facilities adjacent to the development have been modernized, and third-party commercial activity has increased. A vacant neighborhood shopping center was purchased and remodeled as a mixed-use facility, a new fast-food franchise recently opened, and a parcel across from the Park DuValle development is being targeted for a supermarket.

Census data for the two tracts to the north and east of the development show that Park DuValle essentially caught up to its surrounding neighborhood market area in terms of income and employment between 1990 and 2000… The area to the north of the development is dominated by small homes; it shows the most dramatic changes with the redevelopment of the Park DuValle area. Median income for the neighborhood to the north increased 17 percent between 1990 and 2000, to approximately 94 percent of the city's median income. The rate of increase outperformed that of the city (7 percent) and the region (10 percent).

Median income in the area to the east of the development increased by 5 percent, to approximately 76 percent of the city's. Park DuValle's median income is approximately 73 percent of the city's, appropriate for a mixed-income development that includes low-income housing in both the rental and ownership components.

Percent of population below the poverty line in 2000 tells a similar story: in the tract to the north, the poverty rate was 25 percent, to the east it was 31 percent, and in the Park DuValle area it was 29 percent, roughly in line with and reflecting the mix of incomes in the development. The overall city poverty rate in 2000 was 22 percent. In terms of unemployment, Park DuValle's 7.2 percent outperforms the neighboring areas, which show rates of 10 percent and 12 percent, in the north and east respectively. In each of the census tracts covering Park DuValle and the areas to the north and east, decreases in unemployment from the 1990 census were much greater than the decrease for the city as a whole.

The Park DuValle redevelopment demonstrates the effectiveness of using public housing dollars as an engine for neighborhood revitalization. It was accomplished by turning the four problems of Cotter and Lang Homes on their head: (1) by designing public housing units that were quality places to live and integrated with the surrounding neighborhood, (2) by partnering with private companies with experience in providing quality management in the ownership structure of the development, (3) by attracting middle and moderate-income households to live in the development, and (4) by framing the development within a more comprehensive strategy for neighborhood redevelopment that included important public services.

Park DuValle transformed Louisville's public housing, and it helped revitalize one of Louisville's most distressed neighborhoods.

The rent structure for market-rate units in the newer phases of rental development indicates that Park DuValle is competitive regionally. Twenty-nine percent of total rental units in Phases II through IV are market-rate, creating a significant need to attract higher income renters to the development. Initially, rents in the market-rate apartments were set 10 to 20 percent below the regional average for developments with similar unit sizes and amenities. Since the initial lease-up in 1997 and 1998, these market-rate rents have been raised several times, for a total increase of between 13 and 19 percent, depending on the type of unit (see table below). Rents in Low-Income Housing Tax Credit units have also been raised, within the limits set by affordability guidelines for households earning 60 percent or less of AMI.

The homeownership units established and have since maintained a mix of incomes, seeking to appeal to middle-income households while retaining a commitment to low-income households. The stated income mix target for the for-sale component of the development is one-third low income (at or below 80 percent of AMI), one-third middle-income (81 to 115 percent of AMI), and one-third higher-income (greater than 115 percent of AMI). The first phase of for-sale development roughly realized this goal, with the early sales establishing desirability for buyers in the higher portion of the income range.

The home sale prices were also higher than originally expected, further indicating the market confidence in Park DuValle among a range of homebuyers. For instance, many participants in the planning process doubted that Park DuValle home ownership units would achieve price points over $100,000. In Phase I, 52 percent of actual sales prices fell between $100,000 and $150,000, and 13 percent were higher than $150,000. The highest sales price achieved in Phase I was over $217,000. These were impressive values in a neighborhood where such market activity was less than robust.

The prices at which the homeownership units have sold demonstrate the viability of the new community for middle-income households. In 2003, housing prices offered at Park DuValle for three bedroom, two+ bath homes range between $78,217 and $244,429. Since 1999, of the 122 completed sales and 17 pending sales, the lower-quartile price for Park DuValle units was $99,193, the median price was $111,203, and the upper-quartile price was $137,381.12 Pending sales in the 2002–2003 pipeline have a median purchase price of $100,412.13 This lower median price reflects the recent shift in emphasis to subsidize lower-income groups. Median prices paid for the lot and structure—including construction costs, upgrades, and builder profit—increase somewhat by income group. All sales prices have been trended to 2002 dollars.

The value of these units has appreciated; a city official involved with the project and subsequent individual refinancings using city-funded second mortgage incentives estimates that values have increased by 10 to 15 percent over approximately the past three years. The Park DuValle area's concentration of poverty decreased precipitously. In 2000, individuals in households with incomes below the poverty line made up 28.5 percent of the population. This decrease of nearly 50 percentage points brought the area's poverty rate roughly in line with those of adjacent neighborhoods. The poverty rate was still higher than the city's overall rate, but the gap had diminished from 55 percentage points to seven. Over the same period, the neighborhood's labor force participation rate increased 6.8

> percentage points (to 56.8 percent), rising to a level greater than that of adjacent neighborhoods and close to the city rate of 60.8 percent.
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> The Park DuValle area's unemployment rate also improved dramatically… a drop of 27.4 percentage points to 7.2 percent, a rate lower than the city rate of 7.4 percent.
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> Housing values as reported to the census for the tract containing Park DuValle show the effects the new development had on the neighborhood's existing stock. In the Park DuValle development itself, 15 homes were sold in 1999, 29 in the first half of 2000, and 40 in the second half of 2000. That most were not captured in the census sample is shown in the number of owner-occupied units in the sample, which increased by only four between 1990 and 2000. Even though most of the new homes were not captured, the impact of the enormous changes underway due to the Park DuValle development is evident.
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> Values of units in the census tract containing Park DuValle came into line with the surrounding neighborhoods. They and homes in the surrounding neighborhood outperformed housing across the city in value appreciation. They also kept pace with or outperformed the region as a whole. A comparison of the Park DuValle's homeownership sales prices and the neighborhood's prices demonstrates that the development raised the value of property in the neighborhood. All dollar values were trended to 2002 dollars for purposes of this analysis…Rents reflect the mixed-income public housing nature of the Park DuValle development—lower quartile rents remain the same in 2002 dollars, but median and upper quartile rents are in line with the surrounding neighborhood. The growth of rents in the three neighborhood census tracts outperforms the growth of city and regional rental rates, and places median and upper-quartile neighborhood rents close to those charged elsewhere in Louisville.

Taken together, these descriptive statistics paint a picture of how comprehensive neighborhood revitilization, driven by a bold vision for change, can improve both lives and neighborhoods.

Oakwood Shores HOPE VI, Chicago, Illinois

Redevelopment of the Madden Park, Ida B. Wells, and Clarence Darrow public housing projects has sparked a dramatic transformation in Chicago's MidSouth area. Demolition of these former distressed housing projects, coupled with substantial public and private investment in new mixed-income housing, innovative school improvements, and emerging commercial/retail opportunities, promises to unlock significant value in underutilized properties in the area.

Concerted efforts are underway to ensure that sites are assembled strategically so as to realize the highest and best use for the land and to capture a portion of the value created to serve broad public interest in creating a viable mixed-income community with opportunities and supports for residents of all incomes.

Current redevelopment plans call for construction of 3,000 new mixed-income rental and for-sale homes in five phases over 5-10 years. Over one-third of this development will take place off-site, in areas adjacent to the former Madden/Wells site. Total development cost for the residential components will exceed $900 million. Related investments in schools, community facilities, and retail/commercial amenities bring the total anticipated investment to over $1.1 billion.

Community Builders as lead developer has been intimately involved in extensive and wide ranging discussions around components of the revitalization strategy with the Chicago Housing Authority, the City of Chicago and many of its agencies, local neighborhood political leadership, the University of Chicago, the MacArthur Foundation, and many constituencies in the broader community. What has emerged is a broad and ambitious vision that reflects both the depth of leadership supporting comprehensive revitalization in Chicago and the evolution of the “state of the art” in large scale mixed income redevelopment.

Elements of the vision for Oakwood Shores include:

- **Charter Schools**
  Under the Mayor’s plan for change in public education, the University of Chicago has opened a pre-K to 8 charter school this past fall immediately adjacent to the new mixed-income housing we are creating. Attached to this Appendix is a table showing the dramatic progress in test results over the first months of operation of this school. New high quality public education for this mixed-income community is a central component of its long term strength. Our belief in its importance has us designing a complex financial plan that we hope will enable an additional charter high school to be created in the new community.
- **Quality Civic Spaces**
  With broad public support, we are beginning a planning process for what we hope will be a top quality, state of the art civic building including recreational resources, arts, library, social and community program spaces and a smattering of small commercial uses. A collective effort to plan for such a facility and to make its funding a broad objective has wide public and institutional support.
- **A “New Deal” with Public Housing Families**
  The Chicago public housing transformation effort sets significant work and other requirements for public housing families to be able to reside in new units in the mixed-income developments. These standards are matched by a huge investment in supporting families in working to meet the requirements, and we and others are hugely focused on that effort – working with what are often second generation public housing families in developing a path to employment and achieving success on that path. This needs to be a long term effort and is a component critical to our long term success.

- **An Array of Housing Types to Capture Market Value**
  From single family homes to condominiums with lake views, the mixed-income community being created at Oakwood Shores has enormous potential which we are collectively working to maximize to achieve full economic diversity and strong market impetus from that achievement.
- **Expanded Commercial Activity**
  With commercial development typically lagging the “rooftops”, the local Quad Community Development Corporation has undertaken an early and intensive effort to attract commercial development to a corridor adjacent to this community for expanded commercial activity to support the new community. Here again, more intensive efforts to assure that these amenities are available earlier in the revitalization process will bear huge fruit in market acceptance and the strengthening of values in the new neighborhood.

How does an effort of this scope get done today? The environment at Oakwood Shores in Chicago is a strong basis for efforts to take comprehensive neighborhood revitalization to another level. The key elements that create this potential include:

- A strong, vibrant city with substantial prospects for increasing market values;
- Strong city leadership and management and alignment of a wide range of departments;
- A wealth of neighborhood stakeholders engaged and focussed collaboratively on a shared vision; and
- Major institutional support, including the University of Chicago, the MacArthur Foundation and the corporate community organized in a support vehicle called The Partnership for New Communities.

This ambitious collective vision combined with an environment of high potential are propelling this effort forward. As lead developer, The Community Builders is challenging itself to play a catalytic role to serve the broader visions in two ways:

- overall coordination of the multiple processes involved in the many different dimensions of activity; and
- design and management of a truly integrated neighborhood wide financing strategy so that:
  - The buildout can be supported even with potentially diminishing public resources;
  - The array of critical physical development can be implemented in a manner that “cross subsidizes” critical components; and
  - Critical civic investments can be made that help to create the strong community and the future values that in turn can create the return on those investments.